

SENATE BILL No. 412

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.3-5-5; IC 21-6.1-3-13.

Synopsis: Custodial accounts. Requires the public employees' retirement fund and the teachers' retirement fund to manage the funds' custodial accounts using a bank or trust company that: (1) is organized or reorganized under the laws of a state or the United States; and (2) regularly, systematically, and on a continuing basis accepts deposits and makes loans at its principal office or an authorized branch in Indiana.

Effective: July 1, 2003.

Kenley

January 21, 2003, read first time and referred to Committee on Insurance and Financial Institutions.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 412

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.3-5-5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) The custodians
3 must be banks or trust companies ~~located in that:~~

4 **(1) are organized or reorganized under the laws of:**

5 **(A) a state; or**

6 **(B) the United States; and**

7 **(2) regularly, systematically, and on a continuing basis accept**
8 **deposits and make loans at:**

9 **(A) their principal offices (as defined in IC 28-1-1-3(12));**

10 **or**

11 **(B) their authorized branches (as defined in IC 28-2-13-7);**
12 **in Indiana.**

13 **(b)** The board is authorized to accept safekeeping receipts for
14 securities held by the custodians. Each custodian must have a
15 combined capital and surplus of at least ten million dollars
16 (\$10,000,000) according to the last published report of condition for
17 the bank or trust company and have physical custody of such securities.



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The state board of accounts is authorized to rely on safekeeping receipts from the custodian. The custodian may be authorized by the agreement to:

- (1) hold securities and other investments in the name of the fund, in the name of a nominee of the custodian, or in bearer form;
- (2) collect and receive income, interest, proceeds of sale, maturities, redemptions, and all other receipts from the securities and other investments; deposit all these receipts in a custodian account or checking account as instructed by the board; and reinvest these receipts as directed by the board;
- (3) maintain accounting records and prepare reports which are required by the board and the state board of accounts; and
- (4) perform other services for the board as are customary and appropriate for custodians.

~~(b)~~ (c) The custodian is responsible for all securities held in the name of its nominee for the fund.

SECTION 2. IC 21-6.1-3-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. (a) The board may enter into a custodial agreement with a bank or trust company ~~located in Indiana~~ on terms the board considers in the best interest of the fund. ~~That~~ **A custodian under this section must be a bank or trust company that:**

- (1) is organized or reorganized under the laws of:**
 - (A) a state; or**
 - (B) the United States; and**
- (2) regularly, systematically, and on a continuing basis accepts deposits and makes loans at:**
 - (A) its principal office (as defined in IC 28-1-1-3(12)); or**
 - (B) an authorized branch (as defined in IC 28-2-13-7);**

in Indiana.

(b) The agreement described in subsection (a) may authorize the custodian to:

- (1) hold the fund's securities and other investments in the name of the fund or a nominee, or in bearer form;
- (2) collect the income and other receipts from the securities and other investments and deposit them subject to the instructions of the board or its representative;
- (3) reinvest the receipts on the direction of the board or its representative;
- (4) maintain accounting records and prepare reports as may be required for use by the fund and the state board of accounts; and
- (5) perform other services for the board which are appropriate and



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- 1 customary for the custodian.
- 2 (c) The custodian is responsible for all securities held in the name
- 3 of its nominee for the fund.

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